

DETAILS ABOUT THE FREE ECONOMIC ZONE

Free economic zone (FEZ) is a special legal regime for entrepreneurial and other activities, in which the customs procedure of a free customs zone is also applied.

Created and effective since January 1, 2015 in accordance with the Federal Law of November 29, 2014 No. 377-FZ "On the development of the Republic of Crimea and the federal city of Sevastopol and the free economic zone in the territories of the Republic of Crimea and the federal city of Sevastopol".

The term of operation of FEZ is 25 years (**until December 31, 2039**).

Legal entities and individual entrepreneurs registered in the territory of the Republic of Crimea or the territory of the city of Sevastopol, or having a branch in these territories, can become participants in the FEZ.

Tax benefits and preferences.

Profit tax:

Reducing the corporate income tax rate:

- Federal Budget (0% for 10 years);
- Crimean Budget is 6% and 13, 5% (* according to established types of business activities).

Procedure of free customs zone:

Exemption from import duties and taxes payment **Reduced insurance premiums 7.6%:**

- for those who received the status of a FEZ participant in the first three years its operation - for a period of 10 years;
- for those who received the status of a FEZ participant after January 1, 2018 - indefinitely (the maximum amount of the benefit provided is determined depending on the volume of capital investments made and the type of economic activity).

Tax exemption:

10 years – on the property.

3 years – on land (if the plot is owned).

Accelerated amortization of own fixed assets:

With a coefficient of up to 2 in relation to own depreciable fixed assets when calculating corporate income tax.

Land plots for rent without bidding:

Land plots that are in state or municipal ownership and are necessary for the implementation of an investment project.

Requirements for the participant in a Free Economic Zone (FEZ).

- registration in the territory of the Republic of Crimea and the federal city of Sevastopol;
- tax accounting with the tax authority.

FEZ participants are not entitled to carry out activities in the sphere of subsurface use for the purposes of exploration and production of minerals. They cannot develop the continental shelf of the Russian Federation, except for extraction of underground water used for drinking and domestic water or process water supply to industrial objects, or objects of agricultural purpose and except for the exploration and extraction of natural medicinal resources for the implementation of health resort treatment and recreation.

Requirements for an investment project:

- the volume of capital investments in the first 3 years:
 - at least 6 million rubles - for SMEs;
 - at least 60 million rubles - for other persons;
- the project area is the Republic of Crimea and the federal city of Sevastopol.

The schedule should provide for capital investment in the amount of at least 30 percent of the total capital investment in the first year of implementation of the investment project, if the implementation of the investment project is not related to the need for design, construction and (or) reconstruction of capital construction projects, which require obtaining the conclusions, approvals and (or) permits of authorized bodies provided by regulatory legal acts.